



Drinking Water State Revolving Fund (DWSRF)


PUBLIC HEALTH
improving lives through prevention and a healthier community



Office of Drinking Water’s Mission


To protect the health of the people of Washington State by ensuring safe and reliable drinking water.






Background and Purpose

- Increase public health protection and compliance with drinking water regulations.
- Reimbursements through low interest loans.
- Funded through U.S. Environmental Protection Agency and Loan Repayment Stream.




What’s New for 2016 Cycle?

- Pre-construction loans, March 1-April 30, 2016
– \$3 million available, \$300,000 per utility
- Emergency grants and loans, available all year
\$1.8 million available, up to 75 percent subsidy
- DWSRF construction loans, August 1-September 30
\$50 million available, \$6 million per water system
- Consolidation loans, August 1-September 30, 2016
– \$5M available, up to 50 percent subsidy



2016 DWSRF Construction Loan Application Cycle

- Approximately \$50 million available for infrastructure projects.
- Loan limits:
 - \$6 million per jurisdiction.
 - \$12 million for projects involving multiple systems.
- Approximately \$5 million available for water system acquisition projects.
- Application deadline September 30, 2016.



What’s Still Part of the 2016 Funding Cycle?

- **Subsidy**—Partial loan forgiveness for communities with high affordability index numbers or water system restructuring projects. We expect the amount this year to be about \$4 million.
- **IGEA**—Investment Grade Efficiency Audits for municipal water systems only
- **\$5 million Set Aside**—Water System Acquisition and Rehabilitation Loans
- **American Iron and Steel**—Buy American Act
- **Davis-Bacon Act**—Prevailing wages
- Public utility districts and satellite management agencies can submit *multiple projects under one application*.



Ineligibility

Ineligible Applicants:

- Group B systems **not** converting to a Group A.
- Group A noncommunity for-profit systems.
- Federal and state-owned systems.

Ineligible Projects:

- Operations and maintenance.
- Primarily for future growth or fire flow.
- No construction component.

See guidelines for more details.



What's Continued for 2016?

- Loan Terms changed to 20 year repayment.
- Competitive bid within 18 months of contract execution.
- Construction must begin within 24 months.
- Construction must be completed with 48 months.
- **Lower interest rate for projects completed in 24 months.**



Eligibility

Eligible Applicants:

- Group A community systems.
- Group A nonprofit non-community systems.
- Group B systems converting to Group A.
- Tribal systems not receiving SRF tribal set asides.

Eligible Projects:

- Projects that address a public health risk.
- Retroactive funding—only for specific municipal projects.
- Projects that upgrade deteriorated facilities.



Loan Terms

- Loan fee = 1 percent
- Interest rates = 1.0-1.5 percent, depending on income level of community.
- Revised in 2014: Repayment period 20 years from signing the contract—first payment due October 1 of year.



General Requirements

- Submit each project separately.
- Meet water system plan submittal and approval deadlines. Planning documents must be approved no later than September 30, 2016.
- Install service meters.
- Comply with National Historic Preservation Act, Section 106 or 05-05.
- Comply with Federal and State Environmental Policy Acts (NEPA and SEPA).



Retroactive Financing for Municipals

- Must be publicly owned (municipal).
- Must address:
 - Surface water issue.
 - Water quality issue in Risk Category 2 or 3.
 - Compliance or enforcement action.
- Projects constructed after January 2011 score higher.
- Projects constructed before January 2011 score lower.
 - Projects must comply retroactively with regulations and requirements.

Retroactive funding is not guaranteed!



QUESTIONS?




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Project Scoring

- Scoring based on public health risk.
- The five risk categories in priority order are:
 1. Microbial risk.
 2. Primary inorganic chemical risk.
 3. Other primary chemical risk.
 4. Secondary chemical or seawater intrusion risk.
 5. Main replacement or distribution improvements.


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Project Scoring (cont.)

- Within each risk category, scoring is based on type of project proposed:
 - New source
 - Source reconstruction
 - Disinfection improvements
 - Filtration
 - Reservoir improvements
 - Other


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Bonus Points

	Points
Restructuring (consolidation)	3 per system
Regional benefit (up to 5 pts)	1 per Group A
Multiple benefit (up to 4 pts)	1 per risk category
Service meter installation	2


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Readiness to Proceed Points

- Scope of work clearly defined?
- Water rights in hand?
- Project included in water system plan (WSP) or small water system management program (SWSMP)?
- Right-of-way or property ownership secured?
- Near cultural site?
- Environmental review complete?
- Permits in hand?


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Factors to Consider

- Financial viability.
- Loan is reimbursed in “draws.”
- Begin construction within 18 months of signing contract.
- 10 percent of loan amount retained until final project closed out.

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What Does the Affordability Index Look Like?

- Actual median household income.
- Proposed loan amount.
- Annual expenses including operations and maintenance, existing debt, and reserves.
- Total connections.

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How We Figure Your Affordability Index

	Actual MHI	Proposed Loan Amount:	Annual Expenses: Includes O&M, existing Debt and Reserves:	Total Connections:
	\$42,000	\$600,000	\$19,200	60
Interest Rate	3.00%	3%	1.00%	1%
Monthly Payments	\$2,100	\$2,100	\$2,100	\$2,100
Calculated MHI Range	\$42,000 - \$48,000	\$42,000 - \$48,000	\$42,000 - \$48,000	\$42,000 - \$48,000
Annual Debt Payments	\$25,200	\$25,200	\$25,200	\$25,200
Monthly Debt Payments	\$2,100	\$2,100	\$2,100	\$2,100
Monthly MHI	\$42,000	\$42,000	\$42,000	\$42,000
Total Monthly Cost	\$42,000	\$42,000	\$42,000	\$42,000
Water System is	100%	100%	100%	100%
Financially	100%	100%	100%	100%
Operational	100%	100%	100%	100%
Affordability	100%	100%	100%	100%
Index = 1.00	1.00	1.00	1.00	1.00

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Water System Planning

- Proposed project must be included in your approved WSP or SWSMP.
- Plan amendments okay.
- Deadline for plans or amendments is strictly enforced—must be approved by September 30, 2016.
- Assistance for preparing your SWSMP is available through:
 - ERWOW at 800-272-5981
 - RCAC at 360-836-5424

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Financial Viability

- Able to repay loan?
- Rates appropriate?
- Reserve account?
- Other debt?
- System budget, 6-year plan.
- *Financial viability for small water systems* fact sheet (DOH 331-405).

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QUESTIONS?



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DWSRF Environmental and Cultural Review Coordinator

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Environmental Review

- SEPA
- Permits, funds, and activities
- Start immediately

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Cultural Review

- Section 106 of National Historic Preservation Act (federal)
- Executive Order 05-05 (state)

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In Other Words . . .

- Federal involvement
- Take into account
- Consult State Historic Preservation Office, Tribal Historic Preservation Office, Tribes, and interested parties

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What are the Steps?

1. Evaluate project
2. Determine the effects
3. Initiate consultation
4. Receive concurrence
5. Start public comment period

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STEP 1: Evaluate Project

- Determine scope:
 - Area of potential effect (APE).
 - May need additional information.
- Identify properties:
 - Historic district, buildings, cultural resources, barns, homes, traditional cultural places (TCP).

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STEP 2: Determine the Effects

- Two determinations:
 - No historic properties affected.
 - Potential historic properties affected.
 - No adverse effect
 - Adverse effect

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STEP 3: Initiate Consultation

- State Historic Preservation Officer (SHPO)
- Tribal Historic Preservation Officer (THPO)
- Tribes/native Hawaiian groups
- Others

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Washington State

- | | |
|--|--|
| <ul style="list-style-type: none">• Confederated Tribes of The Chehalis• Confederated Tribes of The Colville Reservation• Cowlitz Indian Tribe• Hoh Tribe• Jamestown S'Klallam Tribe• Kalispel Tribe• Lower Elwha Klallam Tribe• Lummi Nation• Makah Tribe• Muckleshoot Tribe• Nisqually Tribe• Nooksack Tribe• Port Gamble S'Klallam Tribe• Puyallup Tribe | <ul style="list-style-type: none">• Quinalt Nation• Samish Indian Nation• Sauk-Suiattle Tribe• Shoalwater Bay Tribe• Skokomish Tribe• Snoqualmie Tribe• Spokane Tribe• Squaxin Island Tribe• Stillaguamish Tribe• Suquamish Tribe• Swinomish Tribe• Tulalip Tribes• Upper Skagit Tribe• Yakama Nation |
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Neighboring States

- Idaho
- Oregon

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STEP 4 Receive Concurrence

STEP 5 Start Public Comment Period

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Federal Laws

- National Historic Preservation Act (NHPA)
- Archaeological Resource Protection Act (ARPA)
- Native American Graves Protection and Repatriation Act (NAGPRA)
- Archaeological and Historic Preservation Act (AHPA)
- American Indian Religious Freedom Act (AIRFA)

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Cultural Review Website

<http://www.doh.wa.gov/CommunityandEnvironment/DrinkingWater/WaterSystemAssistance/DrinkingWaterStateRevolvingFundDWSRF/HistoricalCulturalReview>

Or, go to www.doh.wa.gov/dwsrf and scroll down the page to find a link to the historical and cultural review website.

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QUESTIONS
and
COMMENTS?



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Grants


Pre-Construction Grants—January 1-31, 2016

- Limit of \$25,000 per grant per jurisdiction.
- Applications and guidelines will be on line in late December.

Consolidation Grants— February 1-29, 2016

- Limit of \$30,000 per grant per system being consolidated or acquired.


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Emergency Loans and Grants

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Emergency Loans and Grants

- Applications and guidelines are available on-line.
- Applications will be accepted on a first come, first served basis.
- Depending on your affordability rating, you could have as much as 75 percent subsidy.
- There is a limit of \$100,000 per occurrence.
- If you are reimbursed for any part of your project that the loan/grant covered, you need to immediately pay back the loan.


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And the Other Cast of Characters

- **Sara Herrera**—helps keep our computer projects running. She also makes sure all of our loan and grant application processes work. And Sara also does cultural and historical projects. You can reach her at 360-236-3089
- **Joshua Plaster**—keeps our share drive working and builds great graphs and GANT charts. He tries real hard to keep us out of trouble. You can reach him at 360-236-3107
- **Joe Crossland**— Financial Services Section Manager. He finds us all the money that we use for grants and loans. You can reach him at 360-236-3166.

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QUESTIONS
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For More Information

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